

**ASSEMBLY BILL**

**No. 2085**

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**Introduced by Assembly Member Saldana**

February 18, 2010

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An act to amend Section 53545 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2085, as introduced, Saldana. The Housing and Emergency Shelter Trust Fund Act of 2006: state audits.

Existing law establishes the Housing and Emergency Shelter Trust Fund Act of 2006, which authorizes the issuance of bonds to finance various housing programs, capital outlay related to infill development, housing-related parks, and transit-oriented development programs. Existing law requires the Bureau of State Audits to conduct periodic audits of the awarding and use of bond proceeds according to prescribed requirements relating to specified programs funded under the act.

This bill would expand the scope of the bureau's audit to include requirements relating to the deposit and expenditure of bond proceeds in the Regional Planning, Housing, and Infill Incentive Account, the Transit-Oriented Development Account, and the Housing Urban-Suburban-and-Rural Parks Account.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 53545 of the Health and Safety Code is  
2     amended to read:

53545. The Housing and Emergency Shelter Trust Fund of 2006 is hereby created in the State Treasury. The Legislature intends that the proceeds of bonds deposited in the fund shall be used to fund the housing-related programs described in this chapter over the course of the next decade. The proceeds of bonds issued and sold pursuant to this part for the purposes specified in this chapter shall be allocated in the following manner:

(a) (1) One billion five hundred million dollars (\$1,500,000,000) to be deposited in the Affordable Housing Account, which is hereby created in the fund. Notwithstanding Section 13340 of the Government Code, the money in the account shall be continuously appropriated in accordance with the following schedule:

(A) (i) Three hundred forty-five million dollars (\$345,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2. The priorities specified in Section 50675.13 shall apply to the expenditure of funds pursuant to this clause.

(ii) Fifty million dollars (\$50,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended under the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2 for housing meeting the definitions in paragraphs (2) and (3) of subdivision (e) of Section 11139.3 of the Government Code. The department may provide higher per-unit loan limits as necessary to achieve affordable housing costs to the target population. Any funds not encumbered for the purposes of this clause by July 31, 2011, shall revert for general use in the Multifamily Housing Program unless the department determines that funds should revert sooner due to diminished demand.

(B) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2, to be used for supportive housing for individuals and households moving from emergency shelters or transitional housing or those at risk of homelessness. The Department of Housing and Community Development shall provide for higher per-unit loan limits as reasonably necessary to achieve housing costs affordable to those individuals and households. For purposes of this subparagraph,

1 “supportive housing” means housing with no limit on length of  
2 stay, that is occupied by the target population, as defined in  
3 subdivision (d) of Section 53260, and that is linked to onsite or  
4 offsite services that assist the tenant to retain the housing, improve  
5 his or her health status, maximize his or her ability to live, and,  
6 when possible, work in the community. The criteria for selecting  
7 projects shall give priority to:

8 (i) Supportive housing for people with disabilities who would  
9 otherwise be at high risk of homelessness where the applications  
10 represent collaboration with programs that meet the needs of the  
11 person’s disabilities.

12 (ii) Projects that demonstrate funding commitments from local  
13 governments for operating subsidies or services funding, or both,  
14 for five years or longer.

15 (C) One hundred thirty-five million dollars (\$135,000,000) shall  
16 be transferred to the fund created by subdivision (b) of Section  
17 50517.5 to be expended for the programs authorized by Chapter  
18 3.2 (commencing with Section 50517.5) of Part 2.

19 (D) Three hundred million dollars (\$300,000,000) shall be  
20 transferred to the Self-Help Housing Fund created by Section  
21 50697.1. These funds shall be available to the Department of  
22 Housing and Community Development, to be expended for the  
23 purposes of enabling households to become or remain homeowners  
24 pursuant to the CalHome Program authorized by Chapter 6  
25 (commencing with Section 50650) of Part 2, except ten million  
26 dollars (\$10,000,000) shall be expended for construction  
27 management under the California Self-Help Housing Program  
28 pursuant to subdivision (b) of Section 50696.

29 (E) Two hundred million dollars (\$200,000,000) shall be  
30 transferred to the Self-Help Housing Fund created by Section  
31 50697.1. These funds shall be available to the California Housing  
32 Finance Agency, to be expended for the purposes of the California  
33 Homebuyer’s Downpayment Assistance Program authorized by  
34 Chapter 11 (commencing with Section 51500) of Part 3. Up to one  
35 hundred million dollars (\$100,000,000) of these funds may be  
36 expended pursuant to subdivision (b) of Section 51504.

37 (F) One hundred million dollars (\$100,000,000) shall be  
38 transferred to the Affordable Housing Innovation Fund, which is  
39 hereby created in the State Treasury, to be administered by the  
40 Department of Housing and Community Development. Funds shall

1 be expended for competitive grants or loans to sponsoring entities  
2 that develop, own, lend, or invest in affordable housing and used  
3 to create pilot programs to demonstrate innovative, cost-saving  
4 approaches to creating or preserving affordable housing. Specific  
5 criteria establishing eligibility for and use of the funds shall be  
6 established in statute as approved by a  $\frac{2}{3}$  vote of each house of  
7 the Legislature. Any funds not encumbered for the purposes set  
8 forth in this subparagraph within 30 months of availability shall  
9 revert to the Self-Help Housing Fund created by Section 50697.1  
10 and shall be available for the purposes described in subparagraph  
11 (D).

12 (G) One hundred twenty-five million dollars (\$125,000,000)  
13 shall be transferred to the Building Equity and Growth in  
14 Neighborhoods Fund to be used for the Building Equity and  
15 Growth in Neighborhoods (BEGIN) Program pursuant to Chapter  
16 14.5 (commencing with Section 50860) of Part 1. Any funds not  
17 encumbered for the purposes set forth in this subparagraph by  
18 November 17, 2011, shall revert for general use in the CalHome  
19 Program unless the department determines that funds should revert  
20 sooner due to diminished demand.

21 (H) Fifty million dollars (\$50,000,000) shall be transferred to  
22 the Emergency Housing and Assistance Fund to be distributed in  
23 the form of capital development grants under the Emergency  
24 Housing and Assistance Program authorized by Chapter 11.5  
25 (commencing with Section 50800) of Part 2 of Division 31. The  
26 funds shall be administered by the Department of Housing and  
27 Community Development in a manner consistent with the  
28 restrictions and authorizations contained in Provision 3 of Item  
29 2240-105-0001 of the Budget Act of 2000, except that any  
30 appropriations in that item shall not apply. The competitive system  
31 used by the department shall incorporate priorities set by the  
32 designated local boards and their input as to the relative merits of  
33 submitted applications from within the designated local board's  
34 county in relation to those priorities. In addition, the funding  
35 limitations contained in this section shall not apply to the  
36 appropriation in that budget item.

37 (2) The Legislature may, from time to time, amend the  
38 provisions of law related to programs to which funds are, or have  
39 been, allocated pursuant to this subdivision for the purpose of

1 improving the efficiency and effectiveness of the program, or for  
2 the purpose of furthering the goals of the program.

3 ~~(3) The Bureau of State Audits shall conduct periodic audits to~~  
4 ~~ensure that bond proceeds are awarded in a timely fashion and in~~  
5 ~~a manner consistent with the requirements of this subdivision, and~~  
6 ~~that awardees of bond proceeds are using funds in compliance with~~  
7 ~~applicable provisions of this subdivision. The first audit shall be~~  
8 ~~conducted no later than one year from voter approval of this part.~~

9 (4)

10 (3) In its annual report to the Legislature, the Department of  
11 Housing and Community Development shall report how funds that  
12 were made available pursuant to this subdivision and allocated in  
13 the prior year were expended. The department shall make the report  
14 available to the public on its Internet Web site.

15 (b) Eight hundred fifty million dollars (\$850,000,000) shall be  
16 deposited in the Regional Planning, Housing, and Infill Incentive  
17 Account, which is hereby created in the fund. Funds in the account  
18 shall be available, upon appropriation by the Legislature, and  
19 subject to such other conditions and criteria as the Legislature may  
20 provide in statute, for the following purposes:

21 (1) For infill incentive grants for capital outlay related to infill  
22 housing development and other related infill development,  
23 including, but not limited to, all of the following:

24 (A) No more than two hundred million dollars (\$200,000,000)  
25 for park creation, development, or rehabilitation to encourage infill  
26 development.

27 (B) Water, sewer, or other public infrastructure costs associated  
28 with infill development.

29 (C) Transportation improvements related to infill development  
30 projects.

31 (D) Traffic mitigation.

32 (2) For brownfield cleanup that promotes infill housing  
33 development and other related infill development consistent with  
34 regional and local plans.

35 (c) Three hundred million dollars (\$300,000,000) to be deposited  
36 in the Transit-Oriented Development Account, which is hereby  
37 created in the fund, for transfer to the Transit-Oriented  
38 Development Implementation Fund, for expenditure, upon  
39 appropriation by the Legislature, pursuant to the Transit-Oriented

1 Development Implementation Program authorized by Part 13  
2 (commencing with Section 53560).

3 (d) Two hundred million dollars (\$200,000,000) shall be  
4 deposited in the Housing Urban-Suburban-and-Rural Parks  
5 Account, which is hereby created in the fund. Funds in the account  
6 shall be available upon appropriation by the Legislature for  
7 housing-related parks grants in urban, suburban, and rural areas,  
8 subject to the conditions and criteria that the Legislature may  
9 provide in statute.

10 (e) *The Bureau of State Audits from bond revenues available*  
11 *for this purpose, shall conduct periodic audits to ensure that bond*  
12 *proceeds are awarded in a timely fashion and in a manner*  
13 *consistent with the requirements of this section, and that awardees*  
14 *of bond proceeds are using funds in compliance with applicable*  
15 *provisions of this section.*